

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ARA-06 EA-06 NEA-09 ISO-00 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-03 INR-07 IO-10 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

FEA-01 ERDA-05 DODE-00 FPC-01 H-02 INT-05 L-02 NSC-05

PM-03 SAM-01 OES-03 SS-15 STR-04 PA-01 PRS-01 USIA-06

OIC-02 /142 W

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R 191604Z APR 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6647

INFO AMEMBASSY ABU DHABI

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KUWAIT PASS BAGHDAD

E.O. 11652: N/A
TAGS: ENRG, OECD
SUBJECT: IEA: MEETING OF STANDING GROUP ON OIL MARKET
(SOM), APRIL 16-17

1. SUMMARY. DISCUSSION OF DATA AGGREGATION ISSUE FOR
GENERAL SECTION OF INFORMATION SYSTEM PURSUED, BUT
REFERENCE TO GOVERNING BOARD DELAYED UNTIL JUNE. SOM
AGREED IN PRINCIPLE TO OIL PRODUCT PRICE REPORTING
SYSTEM SUGGESTED BY INDUSTRY WORKING PARTY (IWP). IWP
SUGGESTION FOR REPORTING ON CRUDE OIL COSTS REFERRED TO
SMALL WORKING PARTY. NEXT SOM MEETING MAY 21-22.
ACTION REQUESTED: SEE PARAS 2 AND 5. END SUMMARY

2. DATA AGGREGATION:
DATA AGGREGATION ISSUE RAISED REPEATEDLY IN
CONNECTION WITH ALL ITEMS ON AGENDA RELATED TO GENERAL
SECTION OF INFORMATION SYSTEM (GIS). THOSE IN FAVOR
GAVE FREE REIN TO THEIR IMAGINATIONS, ALTERNATELY
PAINTING A PICTURE OF SOM AS A POWERFUL BODY WHICH WOULD
MAKE JUDGMENTS ON THE OPERATIONS OF INTERNATIONAL OIL
COMPANIES AND AS A CONDUIT FOR OBTAINING INTERNATIONAL
OIL COMPANY BOOKS WHICH ARE OTHERWISE OUTSIDE THEIR
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JURISDICTION. LEADING THE CHARGE WERE GERMANY, ITALY,
DENMARK, SWEDEN, AND THE NETHERLANDS. WITH NO PROSPECT
FOR COMPROMISE IN SIGHT, U.S. DEL TREATED ISSUE IN LOW
KEY, KEEPING RECORD STRAIGHT BUT AVOIDING EXTENDED
REPETITION OF WELL-KNOWN U.S. POSITION. BRITISH STILL
FENCE SITTING. CHAIRMAN (HOPPER) ACCEPTED PRIVATE
SUGGESTION OF U.S. DEL AND PROPOSED THAT GOVERNING BOARD
(GB) DISCUSSION OF ISSUE, UPON WHICH GERMANY AND ITALY

INSIST, BE DELAYED UNTIL JUNE. IN MEANTIME, DELEGATIONS
ASKED TO SUBMIT TO SECRETARIAT BY APRIL 25 PRECISE
DESCRIPTIONS OF THEIR LEGAL SITUATIONS WITH RESPECT TO
SUBMISSION OF DISAGGREGATED OIL COMPANY DATA.

3. NEW ELEMENTS OF DATA SYSTEM:

SOM DISCUSSED, WITH OIL COMPANY REPS PRESENT DURING
PART OF MEETING, REPORTING FORMS DEVELOPED BY IWP FOR
ADDITIONAL ELEMENTS OF GIS (IEA(SOM)(75)11 & ANNEXES).
AT BEGINNING OF DISCUSSION, CHAIRMAN DISTRIBUTED MEMO
FROM SEQ CHAIRMAN VAN RHIJN STATING THAT DISAGGREGATED
PRICE DATA WOULD BE REQUIRED BY SEQ FOR "SETTLEMENT OF
DISPUTE ARISING BETWEEN COMPANIES RELATING TO TERMS OF
TRANSFER OF OIL ALLOCATED AT IEA REQUEST." SOM ASKED TO
FURNISH THIS DATA TO SEQ. IWP REPRESENTATIVES SAID
THEY HAD NOT YET CONSIDERED EMERGENCY ASPECTS OF PRICE
REPORTING SYSTEM; ONE COMPANY REP SAID HE RECOGNIZED THAT
SOME ARRANGEMENT NEEDED IN FUTURE, POSSIBLY USING CON-
SULTATION PROCEDURE. U.S. DEL POINTED OUT THAT GB HAS
AS YET MADE NO FINAL DECISION ABOUT DISPUTE-SETTLING
ROLE OF IEA AND THIS PRESENTED A COMPLEX ISSUE. CHAIR-
MAN AGREED WITH THIS AND SAID HE WOULD RAISE MATTER WITH
VAN RHIJN AND GB. HE STRESSED THAT ARTICLE 10 OF IEP
AGREEMENT PRIMARILY DESIGNED TO PROTECT COUNTRIES
AGAINST PRICE GOUGING DURING EMERGENCIES. GERMANS
SUGGESTED THAT AGGREGATED DATA ON PRICE FOR GIS MIGHT
AUTOMATICALLY CONVERT TO DISAGGREGATED MONTHLY BASIS IN
CASE OF EMERGENCY.

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4. CRUDE OIL PRICE & COST INFORMATION:

CHAIR STRESSED NEED TO MOVE AHEAD QUICKLY AND START REPORTING OIL PRICE DATA ON AGGREGATED BASIS FOR 1975, AND THIS POSITION ACCEPTED BY SOM. U.S. DEL POINTED OUT THAT EXISTING FEA PRICE REPORTING SYSTEM WILL CAPTURE MORE THAN 85 OF OUR IMPORTS OF SELECTED CRUDES; THIS DATA CAN BE SUBMITTED TO SECRETARIAT WITHIN 4 WEEKS, THOUGH WITH SOME TECHNICAL DIFFERENCES FROM IEA REPORTING INSTRUCTIONS.

5. HOPPER ALSO EMPHASIZED DESIRE TO MOVE FORWARD WITH COLLECTION OIL COST DATA. IWP REPS WERE REQUESTED TO EXAMINE 16 MARKER CRUDES TO SEE HOW MANY CASES WOULD ARISE WHERE PAUCITY OF BUYERS WOULD CAUSE AGGREGATION PROBLEM. FRG SAID SEVERAL SERIOUS PROBLEMS REQUIRE SOLUTION BEFORE INCEPTION OF CRUDE COST SYSTEM: MEANINGFUL AGGREGATION OF DATA, CRUDES TO BE EXCEPTED FOR COMPETITIVE REASONS, AND WHETHER NON-CONCESSIONARY PURCHASES SHOULD BE REPORTED. (LATTER POINT REFERS TO GERMAN BELIEF THAT STATE-TO-STATE DEALS AND OTHER DIRECT PURCHASES FROM PRODUCERS WOULD BE EXCLUDED FROM REPORTING REQUIREMENT.) IN VIEW OF THESE PROBLEMS CHAIRMAN LIMITED OFFICIAL USE

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ASKED THAT AD HOC COMMITTEE CONSISTING OF U.S., UK, FRG, ITALY, AND JAPAN, TOGETHER WITH IWP REPS, MEET TO IRON OUT THESE AND OTHER PROBLEMS. INDIVIDUAL COUNTRY COMMENTS ON COST DATA COLLECTION DUE IN SECRETARIAT APRIL 25; AD HOC COMMITTEE MEETS LONDON MAY 1 OR 2. U.S. AGREED TO PARTICIPATE, SUBJECT TO CONFIRMATION THAT FEA DATA EXPERT AVAILABLE AT THAT TIME.

6. PRODUCT PRICE (ANNEX D): U.S., ALONG WITH OTHERS, AGREED IN PRINCIPLE WITH PROCEDURE SUGGESTED BY IWP. HOWEVER, U.S. DEL POINTED OUT THAT WE AT PRESENT HAVE NO SYSTEM IN PLACE TO BEGIN REPORTING THIS DATA. THEREFORE WOULD BE BEST TO CONSULT WITH OTHER IEA DATA EXPERTS SO THAT SYSTEM WE ADOPT IS FROM THE START COMPATIBLE WITH THAT OF OTHER COUNTRIES. U.S. SUGGESTION TO REFER MATTER TO TECHNICAL WORKING PARTY RECEIVED NO SUPPORT, SO U.S. DEL AGREED PROCEED BUT WITH CAVIAT THAT WE WOULD RAISE ANY TECHNICAL PROBLEMS ENCOUNTERED WITH SECRETARIAT.

7. CAPITAL INVESTMENTS REALIZED (ANNEX E): CHAIR NOTED THAT THIS INFO WIDELY AVAILABLE AND NEED FOR REPORTING TO IEA NOT CLEAR. THOSE COUNTRIES HAVING SPECIAL INTEREST IN SUBJECT ASKED TO INFORM SECRETARIAT BY END OF MONTH OF THEIR REQUIREMENTS SO THAT SOM COULD

SUBSEQUENTLY RECONSIDER THIS SUBJECT.

8. TERMS OF ACCESS FOR CRUDE (ANNEX F): IWP STRESSED HIGHLY SENSITIVE NATURE OF THIS INFORMATION, WHICH COULD IMPAIR COMPETITION AND AFFECT COMPANY RELATIONS WITH PRODUCER GOVERNMENTS. IWP THEREFORE ARGUED THAT THIS SUBJECT SHOULD BE HANDLED WITHIN CONSULTATION PROCEDURE. MOST MEMBERS SOM RELUCTANTLY RECOGNIZED PROBLEM BUT WISH TO REFLECT FURTHER. SUBSEQUENTLY, CHAIR ANNOUNCED THAT EXXON TENTATIVELY AGREEABLE TO CONSULTATION WITH SOM ON ACCESS ISSUES. EXXON CONSULTATION, WHICH MIGHT BE HELD IN EARLY MAY, WOULD COVER SITUATION IN SAUDI ARABIA AND OTHER AREAS. UK DEL THEN INDICATED THAT BP ALSO MIGHT BE WILLING TO CONSULT ON ACCESS. CHAIR ANNOUNCED THAT HE WOULD ARRANGE CONSULTATIONS IN ACCORDANCE WITH ESTABLISHED IEA FRAMEWORK FOR CONSULTATION LIMITED OFFICIAL USE

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TION WITH INDIVIDUAL COMPANIES.

9. CORPORATE AND FINANCIAL STRUCTURE
CHAIR URGED MEMBER TO CONSIDER THEIR REAL NEEDS FOR THIS TYPE OF COMPANY REPORTING, STATING THAT MOST OF THIS INFORMATION READILY AVAILABLE AND SUSCEPTIBLE TO FURTHER ANALYSIS EITHER BY OUTSIDE CONSULTANTS OR AN EXPERT SECRETARIAT. GERMAN DEL STATED THAT QUESTION OF COMPANY PROFITS AND TAXES OF "HIGHEST POLITICAL IMPORTANCE" IN FRG AND ELSEWHERE IN EUROPE. SUBJECT TO BE TAKEN UP MORE FULLY AT NEXT SOM MEETING, POSSIBLY ON BASIS REPORT FROM CHAIR. IN MEANTIME, INTERESTED DELS URGED TO PRESENT THEIR VIEWS AND SUGGESTED APPROACHES AT NEXT SOM.

10. NEXT MEETING

NEXT SOM SESSION SCHEDULED FOR MAY 21-22, POSSIBLY IN SOME OTHER LOCATION THAN PARIS.
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Message Attributes

Automatic Decaptioning: X
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05 JUL 2006

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TAGS: ENRG, OECD, IEA
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Type: TE
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